GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:1633
ANSWERED ON:01.12.2006
INVESTMENT CEILING ON POWER PROJECTS
Jha Shri Raghunath

Will the Minister of POWER be pleased to state:

(a) Whether there is any proposal to do away with the existing Rs.1000 crore investment ceiling applicable to Public Sector units for setting up power projects in joint ventures; and

(b) If so, the details thereof ?

Answer

MINISTER OF THE STATE IN THE MINISTERY OF POWER(SHRI SUSHILKUMAR SHINDE)

(a) & (b) : Recognizing the fact that the economies of scale leading to cheaper power can be secured through development of large size power projects, Ministry of Power, Central Electricity Authority (CEA) and Power Finance Corporation are working together for development of a few ultra mega power projects in the country. The size of these projects being large, they will meet the power needs of a number of states through transmission of power on regional and national basis. NTPC Ltd. is keen to participate in the bidding process for Ultra Mega Power Projects preferably in Joint venture and has requested for Special Powers to NTPC Ltd.`s Board to approve equity investment with enhanced limits commensurate with the size of Ultra Mega Power Projects to facilitate its participation in Bidding for these projects. As per the existing Delegation of Powers applicable to Navratna Companies, NTPC Ltd. is authorized to invest upto Rs.1000 crores in a single Joint Venture project/wholly owned subsidiary. However, NTPC Ltd.`s proposed equity investment in the Joint Venture Project/wholly owned subsidiary will be more than the limit of Rs.1000 Crores.

Therefore, on the request of NTPC Ltd. as a special case, Ministry of Power sought the approval of the Cabinet Committee on Economic Affairs for waiver of ceiling of Rs.1000 crores for equity investments by NTPC Limited to establish financial joint ventures and wholly owned subsidiaries in India or abroad for the purpose of participating in the biding of ultra mega projects (subject to the implementation of maximum 2 projects). However, the ceiling of 15% of the net work of NTPC Ltd. in one project and the overall ceiling of 30% of the net work of the NTPC Ltd. in all such projects of NTPC Ltd. put together shall remain. Cabinet Committee on Economic Affairs in its meeting held on 2nd November, 2006, has approved the proposal.